

**Wind Energy Opportunities, Issues and Challenges Facing Farmers and
Rural America in 2003**

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Wealth From The Wind

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It's great to be here with all of you renewable energy champions today. I want to first thank the Colorado Renewable Energy Society for asking me to be on your program on behalf of the American Corn Growers Wealth From The Wind program.

"Renewable Energy Now! Community Prosperity Through Self-Sufficiency" is a fantastic theme for this 6th annual CREC conference. It sure is right on target and consistent with the message the American Corn Growers is promoting through our support for wind energy and other renewables, including solar, biomass, ethanol, biodiesel or various hybrid systems.

There may have never been a more important time for this country and our communities to use renewable energy to become energy self-sufficient while capturing the opportunity to generate prosperity. I also want to applaud the Wind Powering America program and Phil Dougherty of DOE together with Larry Flowers and all the NREL experts on your conference program including Steve Palomo, Jim Green, Carol Tombari as well as all the others that we have the pleasure of working with at NREL including Roya Stanley, Trudy Forsythe and Kathy O'Dell. They have done and are doing a tremendous job in moving wind energy and other renewables forward and they're helping us and others move the agenda forward in rural America. We applaud them for their leadership.

Some have asked why the American Corn Growers have been such enthusiastic

supporters of wind energy. During a recent interview a reporter from Indiana said she could understand corn growers promoting ethanol because it uses corn, but why are you promoting wind energy? The quick answer is...the price of corn is why we promote wind energy. My answer, of course, went further than that because the price of corn is only one reason to promote wind power when we consider the environmental and other benefits, but the price of corn has a lot to do with why both the American Corn Growers Foundation and the American Corn Growers Association are encouraging farmers to take a serious look at wind energy as an alternative income stream.

Without going into all the various reasons that corn prices paid to farmers are so low let me just say that federal farm and trade policy has systematically removed the orderly marketing tools that were available to corn and other farmers and had existed for decades. Those tools had been the means to give farmers some bargaining power in the marketplace. In other words, the federal farm program had acted as a "referee" so that farmers could get a price from grain buyers and processors, that was closer to their cost of production ... something akin to a minimum wage for people employed in the government or other sectors. That is no longer the case and explains why, even with tight corn inventories worldwide, corn prices in the U.S. remain close to a low \$2.00 per bushel while the U.S. Department of Agriculture shows that it costs corn growers about \$3.00 to produce each bushel. That kind of scenario does not bring prosperity to rural America, a reality brought home to the public in my home state of Nebraska earlier this month with a report from the Nebraska Farm Business Association based at the University of Nebraska. The headline in the Lincoln paper in the June 10th edition read, "2002 ugly for farmers." The article went on to point out that the business association's annual survey of 153 farms and ranches showed that 2002 was among the worst in the twenty-eight year history of the survey. 2002 was the fifth worst net farm income year and the fourth worst in terms of net worth. With the exception of 1998, total net farm income remained the worst since 1985. Without federal income support payments (price supports no longer exist) the average member surveyed would have ended 2002 in the red.

Farmers had been told that they could expect U.S. corn exports to increase under current farm policy, which in turn, would result in higher corn prices. Instead, U.S. corn exports have been steadily dropping while China, Argentina, Brazil and countries of the former Soviet Union have been producing the corn varieties and other feedstuffs demanded by world buyers and capturing what had been U.S. markets. Indeed, China was supposedly going to be market for U.S. corn after Permanent Normal Trade Relations (PNTR) was adopted with China, but instead of being a customer, China is a competitor for U.S. corn, exporting as much as 10 million metric tons of corn per year. You might ask, but, aren't we using up a lot of corn to produce ethanol? Yes, but even given the fact that domestic U.S. corn demand to produce ethanol is on a strong and consistent growth path, the price of corn remains historically low. Why? Because just a few

giant multinational corporations control the domestic market as well as the export market and therefore the price of corn that farmers receive at the local level. That is the situation we face...the real world market that farmers live in...and we don't see it changing anytime soon. That leads us to wind energy.

As an organization, and while we continue working to improve farm policy and address market concentration issues, we must also look to other sources of income for farmers and other ways to enhance and sustain the economies of rural America. Wind energy really offers some exciting opportunities. We look at the potential for farmers to capitalize on various sizes of wind power systems. They can consider smaller turbines to provide energy for their on farm electricity demand, including grain drying, dairy barns, and their residence as well as net metering or they can consider leasing their land for larger turbines, investing in turbines themselves by forming LLCs or perhaps getting their rural electric cooperatives to invest in wind farms to use what has become the most economical source of power generation into the grid for the benefit of their customers.

When you consider that DOE's Wind Powering America information shows that the cost per kilowatt-hour to produce electricity from wind turbines dropped from 40 cents in 1979 to 4-6 cents in 2000 and is projected to be from 3-4.5 cents in 2004, it's easy to see why wind energy has the interest of so many, especially in rural America, where the wind resource is.

Let me assure you that there is enthusiasm for wind energy among farmers and rural residents. While the American Corn Growers have taken the lead on many issues through our Wealth From The Wind informational program we have found that grassroots support for wind energy is broad and deep and needs to be harnessed so it can be translated into action. As part of our research effort we commissioned a nationwide survey of corn producers in April of 2003 to get new, solid data on the level of support among corn farmers. My power-point presentation shows you the results of what we found. The survey was conducted by RMA Research, a division of Robinson and Muenster, Associates of Sioux Falls, South Dakota and a member of the Council of American Survey Research Organizations. I want to point out that the survey was random and scientific in nature with a margin of error of +/- 4.4%. The 511 farmers surveyed were from the 14 major corn producing states that represent nearly 90% of total estimated 2003 corn acreage in the U.S. As you will see from the power-point slides there is tremendous support for wind energy.

The slides you just saw are also attached in print form to my remarks which are available following this presentation.

It's important to re-emphasize that the farmers in the survey were called randomly. They could have been a member of any farm or commodity organization or not a member of any farm group at all. This point is important

because some estimates in the past suggest that about 50% of the nation's farmers don't belong to any farm or commodity groups and we certainly need to know what all farmers, regardless of affiliation, are thinking on these important public policy issues. So, based on our survey interest in wind energy runs very deep, and while it naturally varies by state, depending somewhat on the wind resource available, there is ample opportunity to build a massive groundswell of public support to capture the economic and environmental benefits of wind power. We need to translate that support into civic action.

On that note, I want to mention that a few months ago, and as part of our Wealth From The Wind program, we announced the formation of the American Agricultural Wind Coalition (AAWC) to harness some of the people power in rural America. We already have six national farm organizations as members and we expect many more. The most recent to join is the National Farmers Union, with over 300,000 members. We're excited to have NFU as a member. Other members include the American Corn Growers Association, the American Agriculture Movement, the Soybean Producers of America, the National Farmers Organization and the Federation of Southern Cooperatives. David Senter of Senter and Associates in Washington, DC and a consultant to our Wealth From The Wind program is the national coordinator of the AAWC. We will be working to involve the coalition in various wind energy issues at the national level and look forward to the AAWC being a vehicle to bring about a more positive future for wind energy on issues ranging from the Production Tax Credit (PTC) extension to enhancing new transmission capacity. We will be coordinating with many of you when the opportunity presents itself.

While many good things are happening on wind energy there are many challenges to address as well. It's my understanding that right here in Colorado during your most recent legislative session, the rural electric cooperatives killed a bill that would have provided important incentives for wind energy, after they had agreed to remain neutral on the issue. That shouldn't be happening in rural states that have such a potential for wind energy development. Of course, I'm not referring to the Delta-Montrose Electric Association (DMEA). I applaud DMEA for their progressive approach and their creativity on renewable energy. We need more DMEA's around the country. Another rural electric cooperative organization in Iowa just recently filed a petition for waiver under the FERC regulations so it wouldn't have to accept power at an acceptable rate from a landowner with a wind turbine. That's clearly out of line and we went on record with FERC as opposing the petition of that REC. The REC's need to remember that they were created by farmers to serve farmers and rural America. They need to be helping, not hindering, those farmers that want to get involved in wind energy. And that's what the majority of farmers indeed do want the rural electric cooperatives to do. 82.2% of the farmers surveyed in our poll said they agree that rural electric cooperatives should help support and promote wind energy. The largest percentage surveyed was in Iowa. We look forward to working closely with the rural electric cooperatives on this issue both at the national and state level. I

would hope that once the coops realize all the benefits of wind energy they will become our allies.

As the American Corn Growers, we're also very keen on national security and we want to see a diverse and dispersed national energy strategy. Wind energy fits that approach in so many ways.

As a closing thought, I want to borrow a point made by Ben Paulos of the Energy Foundation at the recent state initiatives meeting following the AWEA conference in Austin, Texas. Ben pointed out that we need to view wind energy as an "extraction" industry as many in our country and in the energy industry see traditional energy production. They see it as extracting resources from the earth for profit and to satisfy various energy needs. Agriculture indeed uses considerable energy resources to produce food and fiber. But, as I recall, Ben's main point was that we should view wind energy as an extraction industry, whereby we extract energy from the wind that moves above the earth, without causing pollution and the many other problems associated with extracting energy from below the earth's surface. That approach can certainly take some of the immense pressure off the traditional energy resources. That's not just common sense. It's sound environmental and economic sense!

As a farm owner who is paying the current high natural gas prices to run my irrigation well I can attest to the validity of Ben's point, especially from an economic perspective.

Thank you. The America Corn Growers appreciate the opportunity to be here and to participate in this excellent meeting.